


AATMANIRBHAR LAGHUBITTA BITTIYA SANSTHA LIMITED

Issue Units: 1,69,755 units
Issue Price: Rs.100

Minimum Units: 10
Maximum Units: 1,000

Issue Open Date: 11/11/2079
Issue Close Date: 15/11/2079

Rating: Care-NP B+ (IS)
Issue Manager: Sunrise Capital Limited

Chairman: Ms. Mira Chaudhary

Chief Executive Officer: Mr. Saugat Bir Chaudhary

P/E Valuation

Period end	Average P/E	Average EPS	Fair Value
Q4 78/79	60.51	120.10	7,267.15

Utilization of IPO Proceeds

Agro Sector Loan	Rs. 5,000,000
Trade and Business Loan	Rs. 5,000,000
Small Enterprise Loan	Rs. 3,338,000
Physical Infrastructure and Branch Extension	Rs. 7,000,000

Capital Structure

Authorized Capital	Rs. 8,00,00,000
Issued Capital	Rs. 6,23,38,000
Promoter / Public Ratio	67.375% / 32.625%

Financial Highlights (in millions)

FY	Q478 /79	Q1 79/80	79/80E	80/81E	81/82E
Paid Up Cap.	42	42	62	62	62
R & S	192	185	260	350	444
Borrowings	194	157	223	356	427
Loan & Adv.	1,358	1,376	1,497	1,698	1,950
Deposit	844	852	893	1,004	1,131
Net Profits	78	12	91	94	98

<u>Ratios</u>	Q478/79	Q1 79/80	79/80E	80/81E	81/82E
EPS	185.43	29.25	146.67	151.39	157.03
BVPS	556.59	540.28	516.47	660.77	812.72
CAR	-	-	19.94%	22.26%	23.85%
NPL	-	-	4.82%	4.97%	4.55%
Ret. on NW	33.32%	5.41%	28.40%	22.91%	19.32%
NIS	-	-	5%	5%	5%
Deposit rise	6.09%	7.07%	12.28%	12.44%	12.60%
L&A rise	20.68%	22.34%	31.92%	13.33%	14.57%
Int. Income rise	5.73%	-	26%	13.80%	14.78%
N. Profit rise	24.63%	-	46%	3.22%	3.73%

Peer Groups (Q2 79/80)

S. N.	Ticker	Net Profit (Rs.mill)	EPS (Rs.)	BVPS	NPL	LTP (20/02)
1	JSLBB	3.544	30.37	180.40	4.23%	1550
2	SMB	2.491	9.54	162.83	3.53%	1192
3	JALPA	12.836	34.67	346.80	4.72%	3200
4	MLBSL	45.571	30.37	297.78	4.37%	2738

IPO LISTING RANGE: Rs.371.82 – Rs.1115.46

Disclaimers: Not to be inferred as Investment recommendation.

The Company is in profitable state; visions to enlarge business size through Branch extension and increasing its penetration throughout Lumbini Province. Company forecasts no dividend along the 3-year window period. Likewise, no anticipation of rights.

Snapshots...

About the Issue: Out of the offered 2,03,380 units, 20,338 units (10%) is allocated to the Nepalese employed abroad, 10,170 units (5%) for mutual funds, 3,117 units (1.5326%) are allocated to the Employees and remaining 1,69,755 units is set for the General Public.

About the Company: Licensed from NRB on 29th of Magh, 2075, corporate office at Ghorahi-15, Dang. Originally, commenced business as Gramin Mahila Utthan Kendra. On 2nd Baisakh, 2076, Gramin Mahila Utthan Kendra handed over its financial services operations to Aatmanirbhar Laghubitta. Thus, Gramin Mahila Utthan Kendra is promoter of the company holding 64.28% ownership.

Area of Operation: Following the directive issued by NRB regarding the operation of MFI in a single province, the company is expected to operate in Lumbini province. At present, it is operating in 21 branches in 3 districts namely Dang (11), Banke (5) and Bardiya (5) reaching its services to local members. It is primarily engaged in providing loans on Joint Liability Group (JLG) with each consisting 5 members.

Capital Plan: Post the IPO issuance, paid up capital of the company will exceed the minimum capital requirement as stipulated by NRB for Provincial level MFI.

Pricing & Assumptions: We have used a P/E model to price the share of company at the current market scenario. We selected all the listed retail MFI's which has published its Q2 reports as comparable for finding pricing of the company. We have considered the actual EPS of Q2 rather than annualized figures and closing price as on 8th Falgun, 2079 for the calculation of fair price. Assuming the market at present, efficiently pricing of Rs. 60.51 for every EPS in the future also, we derive the fair price of the company's stock with varying EPS level during the projected periods.

Financial Summary: The Company presents healthy and optimistic financial projections. The company projects lucrative EPS and BVPS with above average Capital Adequacy Ratio (CAR). Projected balance sheet presents healthy increase in Deposits and Loans and Advances. However, we find sources of fund are skewedly tied towards deposits than with Borrowings from banks. This shows the company can independently maintain favorable Interest Rate Spread. The main caveat for investors would be Non -Performing Loans which are consistently on 4% level in forecasted balance sheet. Thus, for investor, the important metric to watch out are growth rates in Deposit, Loans & Advances and Borrowings, maintenance of healthy interest spread and levels of NPLs. These metrics would play major role in determining profitability of the company. Likewise, CARE Ratings consider comfortable capitalization, strong parentage, recent growth in scale of operation along with competition, improving (yet weak) asset quality as key ratings driver.

Source: Prospectus, Offer letter and Care grading report.